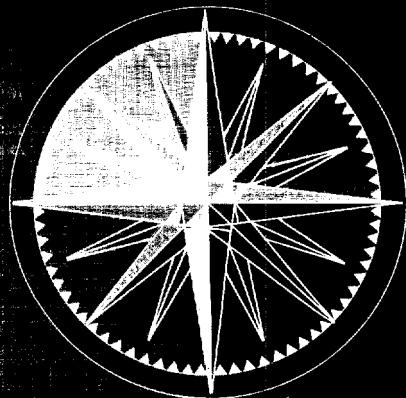


Center

18 November 1966

OCI No. 0316/66

Copy No. 57



WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

DIRECTORATE OF INTELLIGENCE

25X1

State Dept. review completed



SECRET

GROUP 1 Excluded from automatic
downgrading and declassification

Page Denied

SECRET

C O N T E N T S

(Information as of noon EST, 17 November 1966)

Far East

	<u>Page</u>
VIETNAM	1
<p>The current allied offensive in Tay Ninh Province threatens the main Communist military and political headquarters housed in this area. Enemy losses have been heavy but retreat is possible either east into another base area or west into Cambodia.</p> <div style="border: 1px solid black; height: 40px; width: 600px; margin-top: 10px;"></div>	
STANDOFF IN PEKING	5
<p>New shifts in the unstable power structure may account for the failure of the Mao-Lin group to take decisive action against its opponents.</p>	
LEFTIST-RIGHTIST INFIGHTING IN CAMBODIA	6
<p>Protests by leftists against a new conservative-dominated government included an almost unprecedented student demonstration and brought a sharp rebuke from Sihanouk. The events are another indication that Sihanouk's control, while still solid, may no longer be absolute.</p>	
CONTINUING POLITICAL STRIFE PREOCCUPIES INDONESIAN REGIME	7
<p>Heroes' Day, a major holiday, passed without incident despite rumors of a new offensive by pro-Sukarno elements. However, political strife, centering on what role if any President Sukarno should play in the "new order," continues. Any definitive move against Sukarno could result in renewed violence.</p>	

25X1

Europe

BULGARIAN PARTY CONGRESS' TREATMENT OF THE CHINA ISSUE	8
<p>The congress was used as a forum to raise again the issue of an all-party Communist conclave to read China out of the movement. The discussion was an obvious attempt to highlight China's isolation, but continuing obstacles argue against any successful campaign for a meeting in the near future.</p>	

SECRET

SECRET

25X1

25X6

25X1

ALBANIAN PARTY CONGRESS REAFFIRMS STATUS QUO

12

It was a routine performance, stressing Albania's economic goals and pro-Chinese posture. Of the Communist countries, only China, North Korea, North Vietnam, and Rumania sent delegations.

SECRET

SECRETMiddle East - Africa

- JORDANIAN REGIME SHAKEN BY ISRAELI REPRISAL 13
The Israeli raid of 13 November against a Jordanian village suspected of harboring Arab terrorists has aroused popular antagonism toward King Husayn which has endangered his regime.
- INDIA'S PRIME MINISTER GANDHI SUFFERS POLITICAL SETBACK 15
Disarray within her party, and continuing and rising economic and political problems in the country as a whole pose an increasing threat to her hold on the prime-ministership.
- ZAMBIAN COPPER PRODUCTION CUT BY REDUCED RHODESIAN FUEL DELIVERIES 16
Fuel shortages caused by the drop in coal deliveries through Rhodesia are causing a cutback in Zambia's copper production. Zambia's economic stability and racial peace will therefore be in jeopardy over the next few months.
- GUINEAN REGIME SHIFTING TO THE LEFT 18
A new campaign to restore "revolutionary militancy" and to achieve greater economic self-sufficiency appears to be in store. This is creating a receptive atmosphere for expanded Chinese Communist influence. Conakry, however, probably intends to put a limit on its quarrel with the US which would allow for a continuing US presence.

Western Hemisphere

- HAITIAN DICTATOR MOVES TO SUPPRESS OPPOSITION 19
President Duvalier's shakeup of the military high command has foiled a conspiracy to depose him. In addition, his stern measures in dealing with widespread public protests and demonstrations appear to have effectively suppressed oppositionists in the interior of the country.
- GUATEMALAN PRESIDENT STILL FACING THREAT OF RIGHTIST COUP 20
The arrest of a number of military plotters has quashed a right-wing coup attempt for the present

25X1

SECRET

SECRET

MODERATE PERONIST LABOR LEADERS COOPERATING WITH ARGENTINE GOVERNMENT

21

The Peronist-led General Confederation of Labor (CGT), by displaying general approval of the government's economic program, may hope to win a voice in the formation of government labor policy. CGT cooperation in turn may strengthen the government's hand in the forthcoming reorganization of the railroads.

CHILEAN GOVERNMENT FACES INCREASED PRESSURE FROM LEFT

22

Although President Frei received some cooperation in Congress from the Communist and Socialist parties during his first two years in office, these parties now are less willing to support his reform programs and appear in fact to be at odds with each other in trying to demonstrate their opposition to his government.

URUGUAYANS PREPARE FOR CRUCIAL ELECTIONS

23

The two major parties appear evenly matched and the outlook for reform of the unwieldy plural executive system is not bright.

Any new government is likely to be plagued by rising inflation and a host of other economic ills.

ECUADOR CHOOSES A NEW PROVISIONAL PRESIDENT

24

Otto Arosemena Gomez, an opportunistic political independent, was selected provisional president by the constituent assembly on 16 November. A compromise candidate, Arosemena expects to rule until direct general elections for president can be held sometime in 1968.

United Nations

UN DEBATE ON CHINESE REPRESENTATION

25

As the debate opens, the possibility that Canada may introduce a resolution that would in effect call for a "two-China" solution has made the situation extremely fluid.

SECRET

SECRET

FAR EAST

VIETNAM

Allied forces in South Vietnam this week continued to press their major offensive--Operation ATTLEBORO--against Communist troop concentrations and field positions on the fringes of War Zone "C," in northern Tay Ninh Province. This is the Communist base area which houses the Viet Cong military and political command structure for all of South Vietnam.

Seventeen US Army and two South Vietnamese (ARVN) Ranger battalions are now committed to ATTLEBORO, the largest allied search-and-destroy effort of the war to date. In a month of heavy military action, nearly 1,000 Communists have been killed, 40 captured, and 80 suspects apprehended, as against US casualties of 97 killed and 312 wounded. In addition, friendly forces have captured vast amounts of foodstuffs and war materiel, including an estimated 4 million pounds of rice, a division-sized ammunition dump, 133 weapons, and equipment for making ammunition.

Most of the action has centered in a Viet Cong - infested region known as "Base Area 55," some 10-20 miles east-northeast of Tay Ninh city on the southern periphery of War Zone "C." All three regiments of the 6,600-man Viet Cong 9th Light Infantry Di-

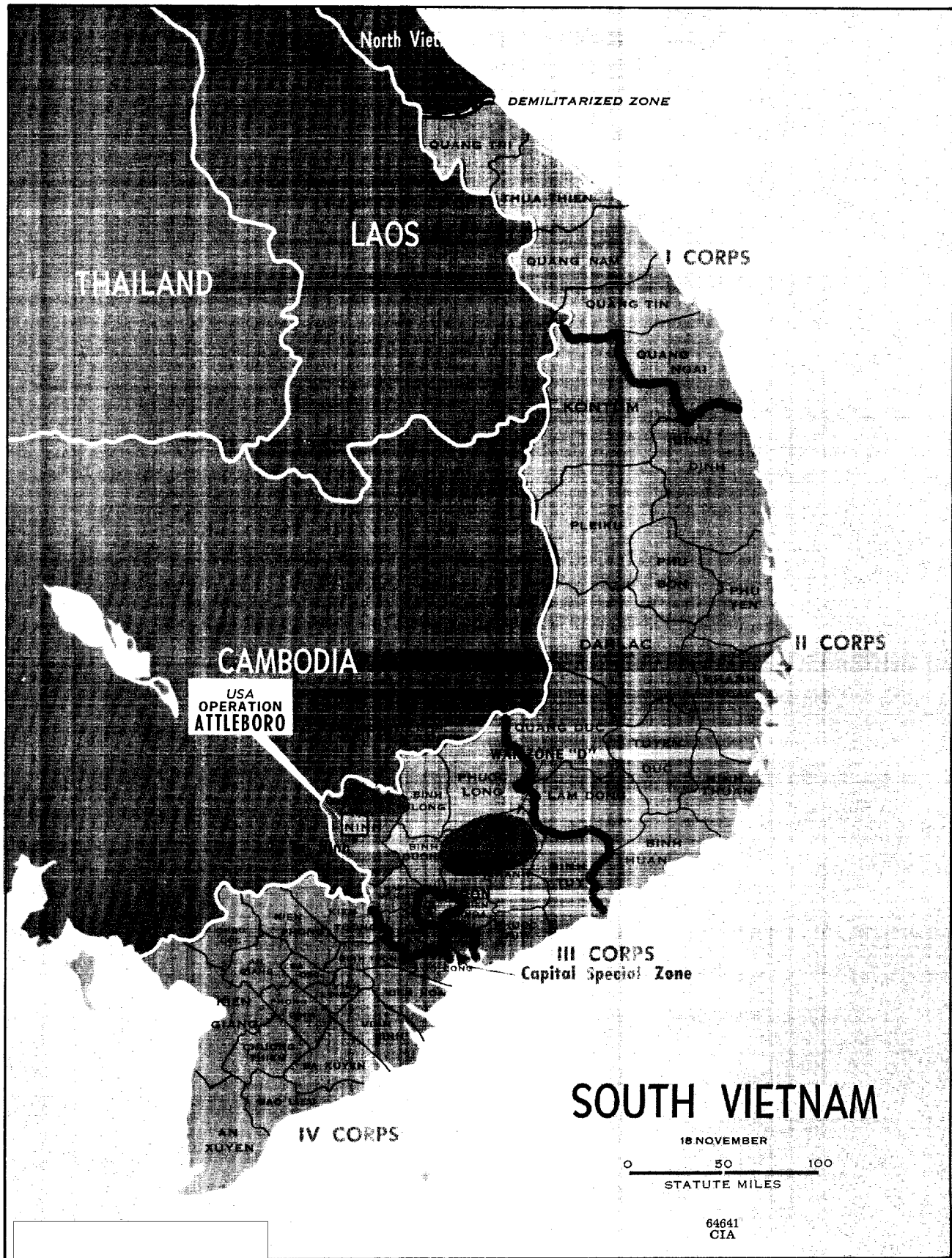
vision and the 101st North Vietnamese Army (NVA) Regiment have been engaged by allied forces in this area. The commitment of large numbers of enemy main force units to the defense of "Base Area 55" testifies to its importance.

Although the Communists' future course of action in the battle area remains unclear, several options are open to them. They could mount a stiff defense of their extensive facilities in War Zone "C." They could choose to move as much of their equipment and personnel as possible to other secure areas--such as War Zone "D" or Cambodia--in an effort to avoid further heavy losses. The enemy might also elect to launch major attacks in other areas, particularly in regions where US forces have been depleted to furnish troops for ATTLEBORO.

While the denial of War Zone "C" to the Communists by itself would not cause any drastic alteration in Hanoi's strategy, it probably would have a sobering effect on the North Vietnamese war planners and might tend to reinforce the current Communist emphasis on the development of guerrilla-level warfare and the protection of large main force units.

SECRET

SECRET



SECRET

SECRETCommunist Political
Problems in Tay Ninh

Even before the allied offensive began in Tay Ninh Province a month ago, the Communists were apparently experiencing serious problems in political control.

[redacted] the Viet Cong in Tay Ninh are plagued by declining morale among guerrilla forces as well as by the loss of popular support. Recent Saigon government figures show a decrease in the extent of Communist influence in the province and a corresponding increase in South Vietnamese Government (GVN) control.

[redacted] the Communist leadership was concerned about the lack of local participation in military and economic supply operations. Viet Cong troops were demoralized by fear of allied operations and air strikes and, even more important, the Communists were experiencing serious manpower shortages throughout the province. Hamlet and village guerrilla units were the most seriously affected by the manpower shortages, showing a 30-percent decrease in troop strength, and the self-defense militia had "almost disappeared." The Viet Cong attributed these difficulties to an increase in allied forces and operations and to GVN revolutionary development activities.

The air strikes have been a major factor in disrupting Viet Cong activities in Tay Ninh. This province has been the target for more than 20 percent of the B-52 strikes conducted in South Vietnam. In addition to the reported desertions or "political inactivity" as a result of the air action, Viet Cong units have been forced to move at night to avoid the strikes, and food supplies have been greatly depleted by both bombings and ground sweeps.

Political Developments in
South Vietnam

Three southerners have been appointed to assume the cabinet posts for education, youth, and social welfare recently vacated during the dispute over northern domination of the government. The functions of the Economy Ministry, also vacated during the crisis, will reportedly be parceled out to three persons, as yet unnamed. In appointing the southerners, the Ky regime has maintained a north-south balance in the cabinet without granting any real concessions to the opposition.

SECRET

SECRET

Having acted on the cabinet situation, Ky now appears to be moving ahead with plans for shuffling some of his top military commanders. A prime prospect for a new job is the controversial IV Corps commander General Dang Van Quang, who [redacted]

[redacted] is thought by Ky and others to pose a threat to the northern-dominated Ky regime.

25X1 [redacted] Quang is willing to leave his Corps command and assume a staff post or other position in the government. There has reportedly been some discussion of giving Quang some of the functions now the responsibility of Revolutionary Development Minister General Nguyen Duc Thang, whose dynamic management of some pacification

projects has sparked criticism from some members of the regime.

Several general officers have been mentioned as replacements for Quang, but it appears that the final choice is still open. The job will probably go to a southerner since all the other corps commanders are from north or central Vietnam. The assignment of a civilian administrator of the Corps is reportedly being considered. This would cut the authority of the military commander, whose duties would be limited strictly to military affairs. Such a move could be designed to dovetail with the new constitution now under development. Some members of the Constituent Assembly are said to favor a document that would limit the regional authority of the military. [redacted]

25X1

25X1

* * *

SECRET

SECRET

STANDOFF IN PEKING

A lull in Red Guard attacks on senior Chinese Communist leaders during the past week, following two more mammoth rallies on 10 and 11 November which revealed no change in the slow-motion struggle within the leadership suggests that opposing forces are digging in for a winter of political trench-warfare.

There were indications in late October and early November that decisive action by the Mao-Lin group against its opponents in both the party and government was coming soon. This has not materialized and may be in abeyance as a result of new shifts in the unstable balance of power at the top.

Red Flag articles on Red Guard activities and goals, broadcast by Peking between 11 and 14 November, reflected determination on the part of the Mao-Lin forces to keep up the pressure on their enemies. United efforts to remove "bourgeois revisionists" in the party, said to be still "staging rebellions against us every day," were called for. One article again denounced "fence-sitters"--a possible reference to relative moderates like Chou En-lai--and called such compromisers "counterrevolutionaries or muddleheaded fools." Another article asserted for the first time that some comrades who had been "hoodwinked" are now supporting the Red Guards. Such claims that the Mao-Lin forces are winning seem to have a defensive tone.

Liu Shao-chi and Li Hsueh-feng both appeared at the 10 and 11 November rallies and at a 12 November meeting marking the 100th anniversary of Sun Yat-sen's birth. Mao, who had pointedly ignored Lin at previous meetings, chatted amiably with him at the 10 November rally.

Premier Chou En-lai, who appeared to be the target of an incipient campaign late in October, is displaying signs of continued strength. On 15 November he addressed a group of Red Guards who had engaged in "long marches" around the country. Chou also spoke at the Sun Yat-sen meeting, and People's Daily printed a picture of him riding with Mao in an open car on 11 November. The premier's continuing influence was suggested by a 10 November People's Daily editorial--aimed at curbing Red Guard interference with economic production and probably reflecting genuine anxiety over economic problems--which followed Chou's moderate line in speeches at August and September rallies.

The guards, however, will apparently continue to be an important political force. A Red Guard poster dated 31 October and a letter written on 30 October indicate that high schools and colleges will not reopen at the end of 1966, as planned, but will remain closed through next summer. During the winter large numbers of the guards will be participating in "little long marches"--some across the country and back--to "exchange revolutionary experiences." 25X1

SECRET

SECRET

LEFTIST-RIGHTIST INFIGHTING IN CAMBODIA

Chief of State Sihanouk's effort to forgo direct involvement in Cambodia's day-to-day political affairs has led to sharp infighting between leftist and rightist factions. Although it is highly unlikely that this maneuvering will erode the stability of his regime or have much effect on his foreign policy decisions in the short run, it may have important implications for the more distant future.

The current difficulties were precipitated last month during the election for a new National Assembly for which Sihanouk, for the first time, decided not to handpick the winners. Many of the 82 seats were hotly contested, and as a result the left lost ground.

The assembly, undoubtedly with Sihanouk's approval, then selected head of the armed forces General Lon Nol as prime minister and a cabinet dominated by conservatives. The reaction from the left was unexpectedly sharp.

Sihanouk moved to meet leftist objections by creating a shadow "opposition government" with some leftist representation, but this aroused the ire of the assembly and cabinet without placating the left. The leftists took their argument to the streets on 3 November, organizing a small but almost unprecedented student demonstration in Phnom Penh. Al-

though this had little effect, it is the first clear indication that the Cambodian left is capable of organizing active support in the capital.

Sihanouk's support for the Lon Nol government has not wavered. He has refused to accept the premier's resignation and indicated at a 4 November public cabinet meeting that this government would stay on for at least a year. He added that there is a place for the left in Cambodian political life but threatened that it would be ruthlessly "suppressed" if the evidence proved that it intended "to turn Cambodia over to the Vietnamese Communists." In the face of such strong opposition from Sihanouk, the weak and disunited left will probably try to smooth over differences with the government while waiting for an opportunity to regain some of its losses.

The events of the past month are another indication that Sihanouk's control over the Cambodian political scene, while still solid, may no longer be absolute. There appears to be less willingness to accept his pronouncements as fiat, although there is as yet no real challenge to his authority. The current imbroglio is also a telling preview of the chaos that would prevail in Cambodia should Sihanouk leave the scene prematurely.

25X1

SECRET

SECRET**CONTINUING POLITICAL STRIFE PREOCCUPIES INDONESIAN REGIME**

Heroes' Day, one of Indonesia's major holidays, passed without incident on 10 November despite rumors of a new offensive to be carried out by marines and leftist groups sympathetic to Sukarno.

political parties, especially the National Party (PNI) and the Moslem Nahdatul Ulama (NU). Suharto, however, seems determined to push the plan through.

The next anti-Sukarno move may be the trial of former air force chief General Dhani, which many observers think will do more to discredit Sukarno than did the trial of ex - Foreign Minister Subandrio. The trial, scheduled to begin this week, has been delayed pending completion of preliminary investigations.

An important factor behind current political maneuvering is continued instability in East and Central Java, where any definitive move against Sukarno could result in renewed violence. Pro-Sukarno marine combat units are well entrenched in East Java and often enliven their off-duty time by seeking fights with students and army personnel and intimidating and blackmailing local Chinese. Recent frays between marines and army personnel, while limited and sporadic and often more spontaneous than premeditated, point up the divisive forces still at work in the area.

Suharto and Foreign Minister Malik, the most influential civilian figure in the Djakarta regime, are maneuvering to expand parliamentary support for government programs. They are giving highest priority to a plan that would add 110 seats to the 240 existing seats in parliament. These additional seats would be evenly divided between political party appointees and representatives of the mass organizations and student groups. Sukarno opposes the plan since it would weaken the influence of the old

25X1

SECRET

SECRET

EUROPE

BULGARIAN PARTY CONGRESS' TREATMENT OF THE CHINA ISSUE

The Bulgarian party congress this week was used as a forum to raise again the issue of an international meeting of Communist parties with the implied purpose of reading China out of the movement. There was varied reaction to the idea, ranging from explicit support to implicit opposition suggesting that any strong pressure for a formal, all-party conference will encounter serious obstacles. Even so, raising the question at the congress provided many of the more than 70 foreign delegations the opportunity to denounce the Chinese for "splitting" the Communist world, and served Soviet propaganda aims by directing attention to China's isolation.

The subject of an international meeting was introduced in the opening address on 14 November by Bulgarian party chief Zhivkov, almost certainly acting on a cue from Brezhnev. Zhivkov's statement that the time was "ripe" for an international gathering, however, ran a step ahead of Brezhnev. The Soviet chief the next day stated that "it is not without reason that a number of fraternal parties have expressed the opinion that conditions are increasingly ripening" for a conference. This quickly noticed

difference was reconciled by the Bulgarian press which immediately issued a version of Zhivkov's speech exactly coinciding with the Brezhnev formulation.

The Hungarian delegate spoke approvingly of the idea, making no comment on timing, and the Czechs gave what was apparently reluctant support to a meeting to be held after "broad exchanges of opinion" had paved the way. The East Germans left their position fluid by noting that "the time for practical steps has come" to attempt to consolidate the unity of the movement. The Poles side-stepped the issue entirely.

Rumanian leader Ceausescu, the only foreign party first secretary present besides Brezhnev, was indirect but clear in his opposition. He said that nothing should be done that would further split the Communist movement, which would be the foregone conclusion of any determined Soviet drive to force an international conclave.

China's behavior has already brought it unilateral condemnation from most of the world's

SECRET

SECRET

Communist parties. However, continuing problems lie in the way of any successful Soviet effort to arrange a collective condemnation of China. The opposition of the Rumanians, North Vietnamese, North Koreans, Poles, and others is one important bar. The complicating effect on the Soviet role in the Vietnam war is another.

These argue strongly against any determined Soviet campaign for a large-scale meeting for this purpose in the near future, although the Soviets can be expected to keep raising the issue and to encourage smaller multilateral and bilateral meetings in order to point up Peking's isolation.

25X1

* * *

SECRET

Page 9 WEEKLY SUMMARY 18 Nov 66

Page Denied

Next 1 Page(s) In Document Denied

SECRET

ALBANIAN PARTY CONGRESS REAFFIRMS STATUS QUO

Albania's fifth party congress which ended last week was a routine performance. It stressed the country's economic goals and reaffirmed Albania's uncompromising pro-Chinese posture. There was an unusual restraint, however, in discussions of developments in China.

The congress proclaimed production successes, achieved despite the Soviet blockade imposed since 1961, and adopted a new five-year plan. There was no public mention of the amount of aid China provided for the completed plan, or of the amount it has committed to the new plan. Albania's economic programs depend heavily on Chinese assistance, but the regime is trying to promote an image of self-sufficiency.

Albanian leaders, puzzled by China's internal turmoil, continued to withhold extensive commentary in order not to offend the Chinese leadership. The cen-

tral committee reportedly has sent a letter to Peking expressing its concern over the "cultural revolution" and requesting an explanation.

Of the Communist countries, only China, North Vietnam, North Korea, and Rumania sent delegations to the congress. However, some 25 delegations representing pro-Peking splinter groups from various non-Communist countries attended.

The congress ended by reelecting the entire politburo and virtually every member of the other higher party organs. The stability of the party leadership and, consequently, of the state apparatus has long worked to prevent the infusion of any new ideas and has frustrated those seeking to advance. This could lead to trouble in the future, especially if the regime's policy of "building socialism through one's own forces" falters.

25X1

* * *

SECRET

SECRET

MIDDLE EAST - AFRICA

JORDANIAN REGIME SHAKEN BY ISRAELI REPRISAL

The Israeli raid of 13 November on suspected Arab terrorist bases in Jordan has had serious ramifications beyond its limited objective. It was the largest Israeli strike against an Arab state in ten years and its repercussions in Jordan are threatening King Husayn's regime.

The raid was precipitated by a road mine explosion the previous day which killed three Israeli soldiers and wounded six. Israel had blamed the Syrian-supported Fatah terrorists for previous incidents, but this time accused the "Palestine Liberation Front" (PLF), a rival group. Israel grants that Jordan has been trying to prevent all terrorist operations from its territory.

Israel's retaliatory raid against villages suspected of harboring the PLF involved a two-pronged attack by major elements of an armored infantry brigade reinforced with tanks, artillery, and aircraft. It overran a defending infantry battalion and destroyed about 125 buildings. One Jordanian Hawker Hunter jet was shot down, and the Jordanians say they downed an Israeli Mirage. Jordanian casualties were 25 soldiers and 30 civilians killed and over 50 wounded. One Israeli soldier was killed and 12 were wounded.

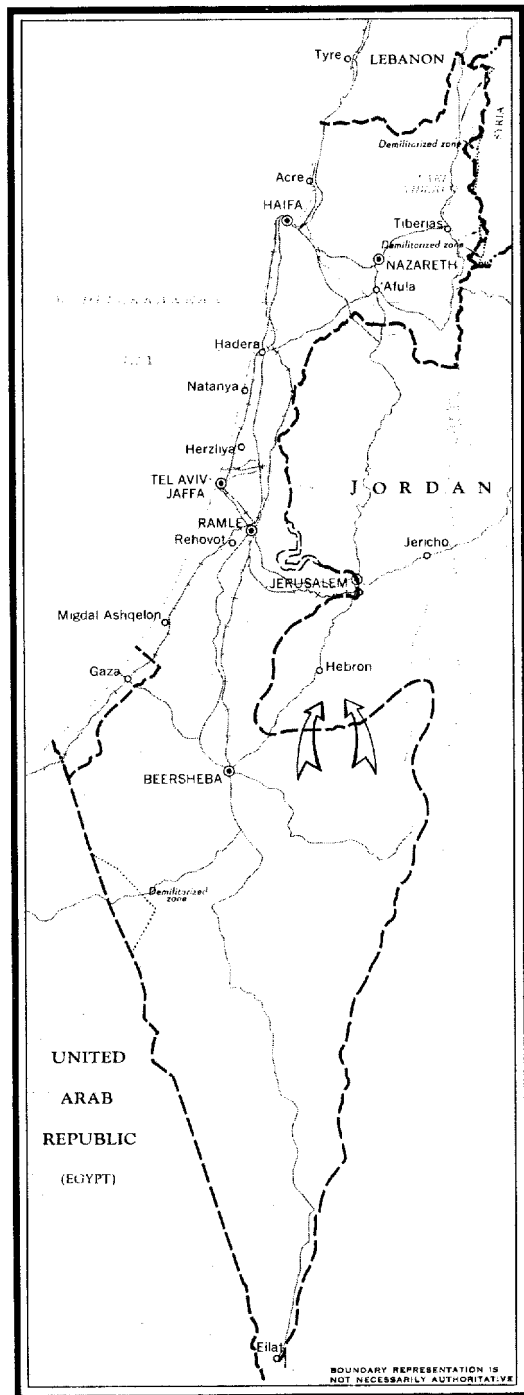
Israel asked US officials to inform King Husayn that the reprisal was made with "reluctance" and was not directed at his authority but against a "nest of terrorists in which Jordanian authority was scarcely recognized." Israel expressed readiness to cooperate against a "common danger."

Popular antagonism toward Husayn's regime is widespread because of Jordan's impotence before Israel's attack. Antiregime demonstrations have occurred in Hebron, capital of the district where the raid occurred, and Jordanian officials fear trouble elsewhere.

SECRET

SECRET

ISRAELI RAID INTO JORDAN 13 November 1966



64603

Meanwhile, the Egyptian-oriented Palestine Liberation Organization (PLO), which was recognized by a 1964 Arab League summit conference as representative of all Palestine Arabs, has renewed its pressure on Jordan to allow stationing of PLO military units on its Palestinian territory. Husayn views the PLO as a subversive threat, but its support among Jordan's Palestinian majority probably has increased since the Israeli raid, and the King may feel compelled to make some accommodation with it.

Fatah was organized by Palestinian extremists who left the PLO because of its lack of aggressiveness toward Israel. The Israelis say Fatah has been responsible for 61 sabotage incidents. Fatah is said to believe that the only hope for "liberating" Palestine is to provoke general Arab-Israeli hostilities. The PLF is similarly motivated but regards Fatah as essentially a publicity-seeking organization which exaggerates its accomplishments. The PLF is reputed to be more professional in its operations. A third group, the "Organization of Heroes of the Return to Palestine," which clashed with Israeli forces near the Lebanese border in mid-October, is apparently being formed by the PLO to compete with Fatah and possibly the PLF.

25X1

There is no sign that Israel's massive reprisal will deter these groups from further terrorism, and Jordanian Palestine remains the most feasible base for their operations.

25X1

SECRET

SECRET**INDIA'S PRIME MINISTER GANDHI SUFFERS POLITICAL SETBACK**

Prime Minister Gandhi's political fortunes have further declined as a result of her awkward handling of the Indian cabinet shuffle last week.

Confidence in Mrs. Gandhi's leadership has been waning for several months. Quarreling among her Congress Party colleagues over a number of controversial measures--particularly the currency devaluation of last June--has received glaring publicity. This disarray encouraged the legislative opposition to turn the July-September session of Parliament into an unproductive uproar to which the government's response was feeble.



A rising tide of violence and demonstrations has also plagued the government, culminating in the resignation of Home Minister Nanda, already under severe attack for his failure to maintain law and order.

Mrs. Gandhi's initial plans to replace Nanda with the more competent Y. B. Chavan, then de-

fense minister, were blocked when she tried to clean house even further by dismissing two other ministers. Several important Congress Party bosses balked, forcing her to back down and temporarily take over the Home Ministry herself.

Only after five days of fence mending was she able to name Chavan to the Home Ministry. His appointment strengthens the cabinet in some respects, but in the process old rivalries have been rekindled and cabinet unity weakened.

Meanwhile, the heavy political and economic pressures on the government, which are in part responsible for the unsettled condition of the cabinet, continue unabated. A mediocre fall harvest has dashed hopes of an early recovery from the 1965 drought, and food supplies will be as critically short in 1967 as they were this year. Foreign exchange reserves remain uncomfortably low. Above all, the February 1967 state and national elections are fast approaching. Efforts to replace Mrs. Gandhi herself are likely unless she is able to repair the damage to her image between now and the elections.

25X1

25X1

SECRET

SECRET**ZAMBIAN COPPER PRODUCTION CUT BY REDUCED RHODESIAN FUEL DELIVERIES**

Zambia's copper-based economic stability and its racial peace will be jeopardized over the next few months if continuing fuel shortages lead to further cutbacks in copper production.

Recent coal shipments to the Zambian Copperbelt have met only half the normal requirements. Stockpiles have partially compensated for a sharp drop in imports from normal Rhodesian sources, but now are dwindling. Copper production now is down to at best two thirds of normal.

Although high copper prices make the value of even this output roughly equal to the highly profitable full production of a year ago, higher costs now are eating into profits.

The companies, under government pressure, will seek to retain full employment as long as possible, but, should layoffs become necessary, widespread unemployment would confront many Zambians with serious visible consequences of the confrontation with Rhodesia. This would create further tension in those areas where most of Zambia's 70,000 whites, the majority sympathetic to the Salisbury regime, are concentrated. Racial feelings have also been heightened by recent acts of sabotage and other incidents in which African Zambians tend to see the hand of pro-Rhodesia whites. Some racial

violence has ensued; late last month Africans rioted in the copper city of Kitwe.

Heavy fuel oil can be substituted for the coal used in about one third of the normal copper smelting.

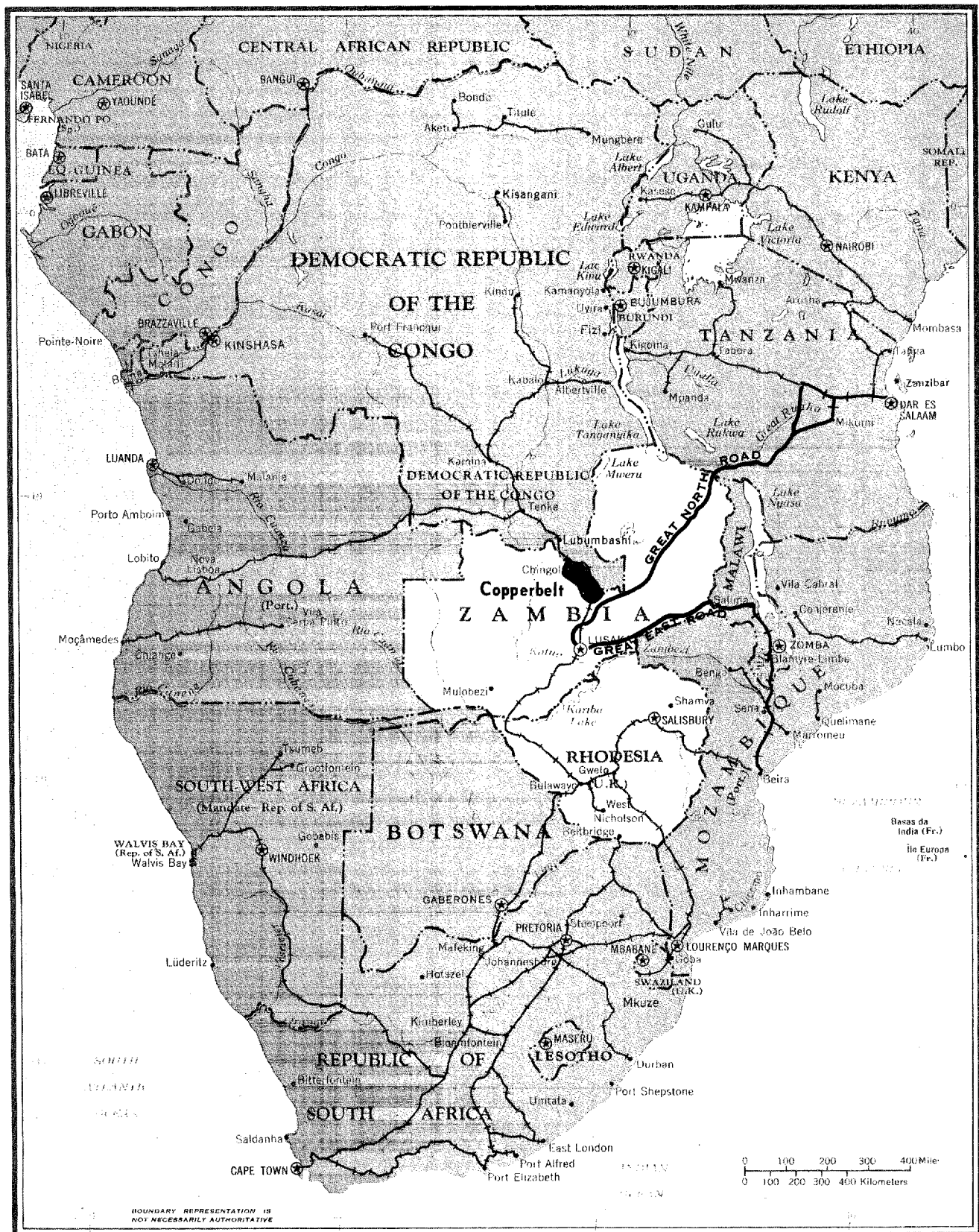
25X1

An early increase in the amount of heavy fuel oil imported over other existing routes is improbable. Since mid-September import of all POL has kept pace with increasing requirements, but this rate may only reflect short-term circumstances and stocks remain low. In any event, the rainy season will soon slow these deliveries, most of which are trucked over dirt roads.

Next spring, the arrival of new transport equipment, the end of the rainy season, and perhaps improved transport efficiency may ease the fuel squeeze. The development of anything near a reliable supply over routes which avoid Rhodesia will, however, depend on such variables. A single serious shortfall could force Zambia to accept either a major decline in economic activity or a politically unpalatable accommodation with Rhodesia.

25X1

SECRET

SECRET

64602 CIA

SECRET

SECRET

GUINEAN REGIME SHIFTING TO THE LEFT

Competing factions within Guinea's single party appear to be maneuvering for position amid continuing Guinean charges of US responsibility for the recent Ghanaian detention of the Guinean OAU delegation. Leaders such as Foreign Minister Beavogui who were never reconciled to Guinea's reliance on US aid are making the most of the incident, and some pro-US ministers are said to fear removal.

Guinea appears to be mounting a campaign to restore its "revolutionary militancy" and achieve greater economic self-sufficiency. This has been a recurring theme, and its re-emphasis now creates an atmosphere favorable to ex-

panded Chinese Communist influence. The Chinese are not unaware of this. They accorded an impressive welcome to the President's brother, Minister of Economic Development Ismael Touré, when he arrived in Peking on 10 November and a number of high-ranking Chinese officials attended the signing of new trade, technical cooperation, and loan agreements on 16 November.

The Guinean regime probably plans to keep its "punishment" of the US within limits allowing for a continuing US presence. Although President Touré has made no gesture toward backing away from his charges, there has been little Guinean reaction to the selective suspension of USAID programs and present indications are that he wishes bilateral relations with the US to go on as they are now.

* * *

SECRET

SECRET

WESTERN HEMISPHERE

HAITIAN DICTATOR MOVES TO SUPPRESS OPPOSITION

Amid increasing signs of public disaffection with his dictatorial regime and rumors of antigovernment plotting, Haitian President Duvalier on 11 and 12 November foiled an incipient conspiracy by announcing the retirement of five General Staff officers and the dismissal from service of at least 15 other officers.

with the Duvalier regime reportedly resulted in the killing of the commander and deputy commander of the local civil militia and two other government officials. Similar demonstrations have been reported in Hinche, Jean-Rabel, Gonaives, Jeremie, and Petit Goave. In several instances army and militia units have passively supported the protests by refusing to move against the demonstrators.

by retiring
Colonels Daniel Beauvoir, Edner Nelson, and Joseph Lamarre

Duvalier has taken quick and decisive steps to counteract any further violence or demonstrations. Army and militia units are on 24-hour duty and local commanders have orders to execute summarily anyone caught distributing antigovernment propaganda.

Duvalier effectively deprived the movement of three key individuals whose support was believed to be essential. It is unlikely that other participants in the plot will go through with their plans.

Port-au-Prince is calm and there is no evidence that Duvalier's actions have stirred any reaction among remaining military or other significant opposition groups. So long as Duvalier commands the loyalty of the elite Presidential Guard and the Des-salines Battalion--and there are no indications to the contrary--it is unlikely that any effective action involving elements of the military can be mounted against him.

In addition to the rumors of plotting, Duvalier has recently been faced with antigovernment demonstrations and protests against new taxes imposed in October. In the town of St. Marc, discontent

25X1

SECRET

SECRET

GUATEMALAN PRESIDENT STILL FACING THREAT OF RIGHTIST COUP

The Guatemalan Government has effectively quashed the remnants of a right-wing coup that had been in the making for several months. This latest rightist plot, however ill conceived, is indicative of the risks that some far rightists are willing to take to remove the Mendez regime--which they regard as a threat to them as well as too sympathetic toward the left.

Following earlier arrests of civilians, the government on 13 November arrested the vice minister of defense, the commander of the army brigade at Quezaltenango, and another officer who was planning to move against the government. Still more officers may be implicated.

Since the state of siege was declared on 3 November, the right has suffered substantial setbacks. Many of the leaders of the opposition right-wing National Liberation Movement (MLN) have been arrested and are still in jail pending trial. The military coup plotters, probably concerned over the arrest of the MLN leaders, may have felt that if they did not act promptly rightist influence in Guatemala would be destroyed.

Although it is apparent that there was some military acquiescence in the arrest of the three military officers, this is the first time in years that the military establishment has encountered interference.

In the past, whenever the military establishment has been threatened, it has acted in concert to defend itself.

Meanwhile, the left, which presents the more serious threat, has been relatively unaffected. While the government seems to be making a more determined effort to contain leftist extremism, security forces seem to be hard put to apprehend and arrest extremist leaders. Military operations against the guerrilla bands in northeastern Guatemala over the past six weeks have had only moderate success. For the first time in months, the 13 November Revolutionary Movement led by Marco Antonio Yon Sosa has been active. In recent days members of Yon's group have robbed several individuals of some \$5,000 in the guerrilla-infested area. Terrorism has also increased in Guatemala City where a bank was robbed of \$30,000 on 14 November.

25X1

25X1

SECRET

SECRET**MODERATE PERONIST LABOR LEADERS COOPERATING WITH ARGENTINE GOVERNMENT**

Argentina's General Confederation of Labor (CGT), the central worker organization dominated by Augusto Vandor's moderate Peronists, has turned away from a direct clash with the Ongania government.

The CGT's policy, which constitutes a major break with Peronism's traditional opposition to government, has won support from some non-Peronist unions, but has angered and confused hard-line labor leaders who have been seeking CGT backing for recent port and transportation strikes. In the latest episode, on 9 November, the CGT withheld aid from the transport workers in their attempt to hold a general strike which consequently was short-lived.

Vandor originally feared that the present military regime favored his archrival Jose Alonso, leader of the orthodox Peronists who still take their orders from Juan Peron in Madrid and who have become strongly critical of government policies. These fears were allayed, however, when Vandor won control of the CGT leadership in the October labor congress, and Labor Secretary Rubens San Sebastian attended the ceremony for the installation of the new officers as a representative of the regime. This mark of official favor and conciliation was without precedent.

For his part, Vandor has reciprocated, and has gone so far as to consult the presidential palace before commenting on President Ongania's 7 November economic address to

the nation. Although Vandor and the CGT leadership believe that the government's recent peso devaluation will further raise the cost of living, they are said to approve most of the government's economic policies.

However, the CGT has still not taken a firm position on the forthcoming reorganization of the nation's overmanned and mismanaged railroads. The two railroad unions are not controlled by Vandor and generally oppose any policy which would involve major layoffs of redundant workers. The unions have been given an opportunity to comment on the regime's plans and one union official has complained that the government's proposals demand excessive sacrifices by the railroad workers. The government has prepared for a major confrontation with labor over the issue. On the other hand, the CGT's policy of cooperation, if maintained, could prevent the railroad unions from winning unified labor backing for a general strike and strengthen the government's hand.

The cooperative attitude displayed by Vandor and the CGT seems aimed at gaining a voice in the formation of labor policy. It may in fact cause some regime leaders, who objected to Ongania's soft line toward labor in the early weeks of his rule, to accept a constructive attitude toward the moderate Peronists and their wing of organized labor.

25X1

SECRET

SECRET**CHILEAN GOVERNMENT FACES INCREASED PRESSURE FROM LEFT**

Although Chilean President Eduardo Frei received some cooperation from the Communist and Socialist parties for reform programs during his first two years in office, discussions at recent meetings of these parties indicate that they will be less willing to support him in the future.

The Chilean Communist Party (PCCh) decided in its October plenum that support of the government would only weaken its own position in the municipal elections early next year. In addition, the Communists criticized the foreign policy of the government for having "caved in completely to US imperialists."

The Socialist Party (PS), too, has been vociferously critical of the Frei administration, and in view of the current dissension within the party this position is not likely to change. One faction of the PS advocates a policy of moderation and electoral participation, but another favors abstaining from elections to show its disdain for the government. This dissident faction also proposes to foment strikes and violent demonstrations, but not to undertake insurgent activity.

The PS decided at its plenum in October to participate in the 1967 municipal elections, because it feared that to do otherwise

would only strengthen the PCCh. The dissident Socialist faction has accepted this decision.

In the past two presidential elections, as well as in some congressional contests, the PCCh and PS have run joint candidates under the banner of the Popular Action Front (FRAP). Some members of both parties, however, have become disenchanted recently with such cooperation. Furthermore, the Chilean Electoral Court has prohibited electoral pacts of this kind in the future.

Much of the disagreement between the two parties arises from the Socialists' general espousal of a more violent line than that of the PCCh. Each party accuses the other in private of betraying leftist ideals. It is unlikely, however, that FRAP will dissolve completely in the near future, even though it may not sponsor candidates under the FRAP label. Elements in both parties still see mutual advantages to cooperation in labor and student activities.

Frei will continue to be confronted with calls for more radical reform from these two large leftist parties. Both view Frei's moderate reform program as inadequate, and probably will cooperate with him in Congress less than in the past.

25X1

SECRET

SECRET

URUGUAYANS PREPARE FOR CRUCIAL ELECTIONS

Political tension remains high in Uruguay as the 27 November general elections approach. Public anxieties have been increased by bickering within the two major parties and by their slowness in forming alliances and naming candidates.

Major factions in both parties have split over changing the unwieldy nine-man executive to a presidency, the principal issue in the campaign. Four different proposals are on the ballot, and the only one that appears to have any chance of approval by the voters is opposed by powerful party factions and by politicians who fear a consequent loss of patronage privileges.

An extremely complex electoral system adds further doubt to the chances for approval of reform. The uncertainty of the outcome has led parties to run candidates for the National Council as well as the presidency. The winning presidential candidate, of course, would have an office to assume only if reform passes.

Many Uruguayans would be bitterly disappointed if the reform referendum failed since alternative legal methods of reform are complex and would require months to complete.

The governing Blanco and opposition Colorado parties appear evenly matched. The Blancos re-

tain strength in rural areas, which have been less affected by the continuing economic deterioration than urban areas, which attribute soaring living costs to Blanco economic mismanagement. However, the Montevideo city government, controlled by the Colorados, is just as culpable and equally criticized. The Colorados thus could lose some votes among urban workers--their traditional stronghold--to small parties of the far left, including the Communist electoral front, FIDEL, which has strenuously wooed labor votes.

The principal Blanco presidential candidates are Senate President Echegoyen and landowner Alberto Gallinal, followed by incumbent Council President Heber. The leading Colorados are Deputy Jorge Batlle and former councilor Gestido, trailed by National Assembly deputy Michelini, Councilor Vasconcellos, and respected constitutional lawyer Justino Jimenez de Arechaga. Vasconcellos and Jimenez vigorously oppose reform.

Even if reform passes and a strong president is elected the long-range outlook for Uruguay is far from bright. The government's counterinflationary policy is ineffective and inflation is expected to accelerate soon because of new demands for wage increases (ranging up to 150 percent), poor credit policies, a weakening peso, import-export reductions, and a huge budget deficit. Uruguay's overambitious welfare programs and its inability to increase productivity in line with spending are additional burdens.

SECRET

SECRET

ECUADOR CHOOSES A NEW PROVISIONAL PRESIDENT

In its 16 November inaugural session, the Ecuadorean constituent assembly chose Otto Arosemena Gomez as provisional president of the republic. He will preside over the country until such time as a constitutional successor is installed, perhaps as long as two years. His election represents one further step in Ecuador's transition to constitutional rule considered broken by a military coup in July 1963. The military in turn was ousted last March, and interim president Yerovi installed until the constituent assembly could meet. The assembly's next business is to prepare a new constitution, a task which probably will cause some political fireworks.

Arosemena, a political opportunist, has been a liberal most of his life, but in recent years has become more conservative. In February 1965 he organized his own personalistic movement called the Democratic Institutional Coalition (CID) with headquarters in Guayaquil. He conducted a vigorous campaign for the 16 October constituent assembly elections, but succeeded in electing only three CID delegates. Nevertheless, he emerged as the leader

of the "independent" bloc of delegates to the assembly.

The new president is a cousin of Carlos Arosemena Monroy, the president ousted by the military in July 1963.

25X6

Otto Arosemena's election resulted from a pact worked out with the conservative bloc in the assembly led by former president Camilo Ponce.

25X1

The demagogic Velasco's inept administration during four terms as president earned him the enmity of most Ecuadorean politicians.

25X1

SECRET

SECRET

UNITED NATIONS

UN DEBATE ON CHINESE REPRESENTATION

As the debate on Chinese representation opens in the UN General Assembly, the situation has become extremely fluid because of Canada's stated intention to introduce a new resolution. This would call for the assembly president to "negotiate" with the Communist and Nationalist Chinese on a plan to admit Peking to the assembly and give the Communists Taiwan's seat on the Security Council, but allow the Nationalists to retain their assembly seat.

Whether or not Ottawa actually follows through with this proposal, its maneuvers have created major new procedural and voting uncertainties. Since the "important question" resolution requiring a two-thirds vote to seat China has already been tabled, it will presumably be voted on. The outcome, however, cannot be predicted. Moreover, when the "Albanian-type" resolution is voted upon, calling for the admission of Peking and the ouster of Taiwan, there may be significant shifts in previous voting patterns.

The main effect of the Canadian moves, however, seems likely to be a further encouragement to those countries which have long disliked the procedural device of the "important question" or which hope to find

some "compromise" between the conflicting claims of Peking and Taipei. There is likely to be a new search for an acceptable "two Chinas" formula, despite the hostility of both the Nationalists and the Communists to this approach. The long-standing Italian proposal that the assembly create a study committee to examine all facets of the representation issue may be revived.

If Peking's opponents have to shift their ground in this direction, Communist China is certain to claim a psychological victory even though from all indications it has no interest in joining the UN as it is presently constituted, let alone in tandem with Taiwan. Moreover, in practice, a study committee may well lend itself to a further erosion of Taiwan's claims. Canada's proposal is designed to attract Peking with the clear "gift" of a Security Council seat.

Nevertheless with the majorities for the "important question" and against the Albanian resolution increasingly uncertain, the study committee has its attractions as a fallback position. Meanwhile, if Peking should reiterate its unacceptable conditions for admission the blame for its exclusion would tend to shift away from the US onto China itself.

25X1

SECRET

Page Denied

SECRET

SECRET